

**SECRET**

SAPE 14457

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**MEMORANDUM FOR THE RECORD**

**SUBJECT:** Concurrence in Amendment No. 2 to Contract No.  
BC-450, Hycon Mfg. Company, Pasadena, Calif.,  
Project [REDACTED]

25X1A

1. Contract No. BC-450 provides for modification, repair and overhaul of photographic equipment and related ground support equipment developed and being produced by the subject contractor and the Perkin-Elmer Corporation for Project AQUATONE and the

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2. The contract is a time and material type providing for reimbursement of labor costs at fixed hourly rates and for reimbursement of incidental materials at actual cost.

3. It was agreed during negotiations of the contract that certain indirect cost relating to costs of materials would be reimbursable under the contract and this agreement was expressed in the contract in Paragraph (b)(2) of PART IV- CONSIDERATION AND PAYMENT, by the phrase "For materials and supplies furnished by the Contractor or subcontractors under this contract, \* \* \* \* \*", the Contractor shall be reimbursed at actual cost." It has been found necessary, however, for the purpose of administration and payments, to define the items and limitations of indirect cost pertaining to the cost of materials or services allowable as actual cost under this contract.

4. Amendment No. 2 to Contract No. BC-450 has been drawn to incorporate a clause into the contract defining allowable indirect cost of materials and services as "Material Burden" and "General and Administrative Expense" with the respective provisional rates of

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5. The amount of funds already allotted to the contract will not change by reason of this amendment.

DOCUMENT NO.

NO CHANGE IN CLASS.

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6. Concurrence in Amendment No. 2 to Contract No. BC-450 and execution thereof on behalf of the Agency by the authorized Project Contracting Officer is requested.

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*SIGNED*

Contracting Officer

**CONCURRENCES:**

25X1A

Comptroller

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General Counsel

11/57

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**Distribution:**

- Orig. - [redacted] Contract BC-450
- 2. - Finance
- 3. - Chrono

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